



Fact Sheet

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Foreign Agricultural Service
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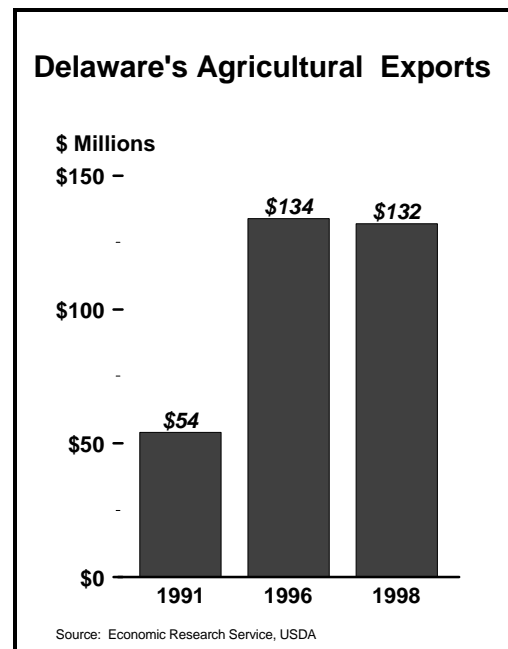
Permanent Normal Trade Relations with China **What's at Stake for Delaware?**

Delaware produces agricultural and forest products that are exported worldwide. In 1998, the state's total cash receipts from farming reached \$774 million, and forest product shipments totaled \$85 million in 1996. As for exports, the value of agricultural products leaving the state was estimated at \$132 million in 1998. These exports help boost farm prices and income, while supporting jobs both on the farm and off the farm in food processing, storage, and transportation.

Trade Benefits

The following key products are important to Delaware, and expected to reap some of the largest agricultural export gains from China's accession to the World Trade Organization (WTO).

- # **Poultry Meat**--Most of Delaware's farm receipts come from the poultry industry. In 1998, Delaware's poultry and product exports worldwide were estimated at \$83 million. With imports accounting for 12 percent of total consumption, China is already the second leading market for U.S. poultry exports. Under its WTO accession agreement, China will cut its tariff in half (from 20 percent to 10 percent) by 2004 for frozen poultry cuts. There will be no quantity limits at these tariff levels. As a result of the 1999 U.S.-China bilateral agreement, China agreed to accept all poultry meat from the United States that is certified wholesome by USDA.



- # **Soybeans and Products**--Delaware's soybean and product exports worldwide were estimated at \$22 million in 1998. China is the world's largest growth market for soybeans and products, and has taken important steps under its WTO accession agreement to open its market to these products. Tariffs will be bound at a low 3 percent on soybeans and 5 percent on soybean meal with no quota limits. For soybean oil, the tariff will drop to 9 percent, and the tariff-rate quota and state trading will be eliminated by 2006.
- # **Vegetables**--Delaware's fresh and processed vegetable exports were estimated at \$14 million in 1998. Under its WTO accession agreement, China's tariffs on vegetables will drop up to 60 percent, depending on the product, by 2004. For example, existing tariffs of 16 percent on lettuce and 13 percent on broccoli, celery, frozen sweet corn, and mixed vegetables will fall to 10 percent. Tariffs on canned tomato paste will fall from 25 percent to 20 percent. Deeper cuts are planned for canned sweet corn and tomato ketchup. Tariffs on these products, now set at 25 percent and 30 percent, will fall to 10 percent and 15 percent, respectively.

Solid Wood Products--Delaware's lumber industry contributes to the state's economy. Spurred by the elimination of certain tariffs on logs and lumber in the 1990's, China has emerged as the world's third largest wood importer. U.S. value-added wood exports to China are at record levels. Under its WTO accession agreement, China will substantially reduce its remaining tariffs on value-added wood products by 2004. Tariffs on plywood will drop from 15 percent to 4 percent. Existing tariffs set at 18 percent on particleboard, oriented strandboard, doors, windows, and flooring will drop to 4 percent, and fiberboard tariffs, currently ranging from 12-18 percent, will drop to 4-7.5 percent.